

## City of San José Housing & Community Development Commission

District 1— Martha O'Connell  
District 3— Robert Gill  
District 5— Vacant  
District 7— Melissa Medina (VC)  
District 9— Vacant  
Mayor— Nhi Nguyen

Alex Shoor —District 2  
Vacant —District 4  
Andrea Wheeler —District 6  
Lee Thompson —District 8  
Michael Fitzgerald —District 10  
Davlyn Jones – CAAC-MR  
(C) Mike Graves – CAAC ML

### REGULAR MEETING AGENDA

5:45PM

June 8, 2017

San José City Hall  
Wing Rooms 118-120

- I. Call to Order & Orders of the Day**
- II. Introductions**
- III. Consent Calendar**
  - A. Approve the Minutes for the Regular Meeting of May 11, 2017  
ACTION: Recommend approval of the May 11, 2017 action minutes
- IV. Reports and Information Only**
  - A. Chair
  - B. Director
    1. Recent and Upcoming City Council Agenda Items
    2. Commission Vacancies & Appointments
  - C. Council Liasion
- V. Old Business**
  - A. **Mobilehome Closure Ordinance Update (A. Marcus, Housing Department)**  
ACTION: Informational only
  - B. **Proposed Fiscal Year 2017-2018 Housing Trust Fund Expenditure Plan (R. Bramson, Housing Department) (Per the Commission's Deferral from the May 11, 2017 meeting)**  
ACTION: Recommendation to the Director of Housing to accept the proposed Housing Trust Fund Expenditure Plan for Fiscal Year 2017-18.
- VI. New Business**
  - A. **FY 2017-18 City of San Jose Annual Action Plan**
    1. **Overview of Housing Department Grant Process**  
ACTION: Informational only
    2. **Public Hearing and Recommendation for the FY 2017-18 City of San Jose Annual Action Plan (J. Stagi, Housing Department)**  
ACTION:
      - (a.) Hold the second of three public hearings on the FY 2017-2018 Annual Action Plan and
      - (b.) Recommend to the City Council approval of the FY 2017-18 Annual Action Plan.

**B. Election of Commission Chair and Vice Chair (Chair Graves)**

ACTION: Commission action to elect Chair and Vice Chair.

**VII. Public Comment** *(Members of the Public are invited to speak on any item that does not appear on today's Agenda and that is within the subject matter jurisdiction of the Commission).*

**VIII. Meeting Schedule**

*The next regular meeting will be Thursday, August 10, 2017 at 5:45PM, in the San Jose City Hall Wing Rooms 118-120. (No meeting scheduled for July)*

**IX. Adjournment**

***The City of San José is committed to open and honest government and strives to consistently meet the community's expectations by providing excellent service, in a positive and timely manner, and in the full view of the public.***

You may speak to the Commission about any discussion item that is on the agenda, and you may also speak during Public Comments on items that are not on the agenda and are within the subject matter jurisdiction of the Commission. Please be advised that, by law, the Commission is unable to discuss or take action on issues presented during Public Comments. Pursuant to Government Code Section 54954.2, no matter shall be acted upon by the Commission unless listed on the agenda, which has been posted not less than 72 hours prior to meeting.

Agendas, Staff Reports and some associated documents for the Commission items may be viewed on the Internet at <http://www.sanjoseca.gov/hcdc>.

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at the Office of the City Clerk, 200 East Santa Clara Street, 14<sup>th</sup> Floor, San José, California 95113, at the same time that the public records are distributed or made available to the legislative body. Any draft resolutions or other items posted on the Internet site or distributed in advance of the commission meeting may not be the final documents approved by the commission. Contact the Office of the City Clerk for the final document.

On occasion the Commission may consider agenda items out of order.

The Housing & Community Development Commission meets every Second Thursday of each month (except for July and December) at 5:45pm, with special meetings as necessary. If you have any questions, please direct them to the Commission staff. Thank you for taking the time to attend today's meeting. We look forward to seeing you at future meetings.

**To request an accommodation or alternative format under the Americans with Disabilities Act for City-sponsored meetings, events or printed materials, please call (408) 535-1260 as soon as possible, but at least three business days before the meeting.**

**Please direct correspondence and questions to:**

City of San José  
Attn: Robert Lopez  
200 East Santa Clara Street, 12<sup>th</sup> Floor  
San José, California 95113  
Tel: (408) 975-4402  
Email: [Robert.Lopez@sanjoseca.gov](mailto:Robert.Lopez@sanjoseca.gov)

**Para residentes que hablan español:** Si desea mas información, favor de llamar a Theresa Ramos al 408-975-4475.

**Riêng đối với quý vị nói tiếng Việt :** Muốn biết thêm chi-tiết, xin vui lòng tiếp xúc với Therese Tran, Đ.T. 408-793-5349.

**對於說華語的居民:** 請電 408-975-4450 向 Ann Tu 詢問詳細事宜。說粵語的居民則請撥打 408-975-4425 與 Yen Tiet 聯絡。

**Para sa mga residente na ang wika ay tagalog:** Kung kinakailangan pa ninyo ng inpormasyon, tawagan si Arlene Silverio sa 408-793-5542. Salamat Po.

**HOUSING & COMMUNITY DEVELOPMENT COMMISSION**

**REGULAR MEETING ACTION MINUTES**

**MAY 11, 2017**

**MEMBERS PRESENT:** Mike Graves Chair  
Melissa Medina Vice Chair  
Davlyn Jones Commissioner  
Martha O'Connell Commissioner  
Bob Gill Commissioner  
Andrea Wheeler Commissioner  
Alex Shoor Commissioner  
Lee Thompson Commissioner  
Michael Fitzgerald Commissioner  
Nhi Nguyen Commissioner (6:02pm)

**MEMBERS ABSENT:** None

**STAFF:** Dave Bopf Housing Department  
Rachel VanderVeen Housing Department  
Robert Lopez Housing Department  
Helen Chapman Councilmember Jimenez's Liaison

**(I) Call to Order/Orders of the Day**— Chair Graves opened the meeting at 5:47pm.

**(II) Introductions**—Commissioners, staff, and audience introduced themselves.

**(III) Consent Calendar**

A. Approve the Minutes for the Special Meeting of April 13, 2017

Commissioner Jones made the motion to approve the minutes for the April 13, 2017 regular meeting with a second by Vice-Chair Medina. The motion passed unanimously (9-0).

**(IV) Reports and Information Only**

A. Chair – No report.

B. Director's Report

Mr. Bopf reported on upcoming items to be considered by the Commission and City Council as well as commission vacancies and recruitment.

C. Council Liaison – No report.

**(V) Old Business**

A. Update on City Council Action Regarding the Ellis Act, Tenant Protection Ordinance and Apartment Rent Ordinance (R. VanderVeen, Housing Department)

Ms. VanderVeen updated the Commission on the City Council's actions.

**DRAFT**

**B. Quarterly Rental Rights and Referrals Program Report (R. VanderVeen, Housing Department)**

Ms. VanderVeen provided a report on the Rental Rights and Referrals program.

**(VI) New Business**

**A. Proposed Fiscal Year 2017-2018 Fee Structure for the Rental Rights and Referrals Program (R. VanderVeen, Housing Department)**

Commissioner O'Connell made the motion to recommend to the City Council to fully fund the Rental Rights and Referrals Program from the general fund with a second by Commissioner Fitzgerald. The motion passed 6-4.

Yes: O'Connell, Jones, Nguyen, Fitzgerald, Graves, Medina

No: Wheeler, Gill, Shoor, Thompson

Commissioner Wheeler the motion to fund 50% of the Rental Rights and Referrals program from the general fund with a second by Commissioner Gill. The motion failed 2-7-1.

Yes: Wheeler, Gill

No: O'Connell, Jones, Fitzgerald, Graves, Medina, Shoor, Thompson

Abstained: Nguyen

Commissioner Jones made the motion to approve staff's recommendation to increase the Apartment Rent Control Fee from \$19.29 to \$30.30 annually per unit with a second by Commissioner Shoor. The motion failed 4-5-1.

Yes: Jones, Wheeler, Gill, Shoor

No: O'Connell, Fitzgerald, Graves, Medina, Thompson

Abstained: Nguyen

Commissioner Thompson made the motion to approve half (50%) of the proposed Apartment Rent Control fee increase based on staff's recommendation with a second by Commissioner Wheeler. The motion passed 6-4.

Yes: Jones, Wheeler, Gill, Nguyen, Medina, Thompson

No: O'Connell, Fitzgerald, Graves, Shoor

Commissioner Thompson made the motion to approve half (50%) of the proposed Apartment Non-Rent Control fee increase based on staff's recommendation with a second by Commissioner Wheeler. The motion passed 6-3-1 with Commissioner Shoor recusing himself from the vote.

Yes: Jones, Wheeler, Gill, Nguyen, Medina, Thompson

No: O'Connell, Fitzgerald, Graves

Recused: Shoor

Commissioner Shoor made the motion to approve the Mobilehome Rent Control Fee increase from \$33.48 to \$34.10 with a second by Commissioner Wheeler. The motion passed 8-2.

Yes: O'Connell, Jones, Wheeler, Gill, Nguyen, Medina, Shoor, Thompson

No: Fitzgerald, Graves

## **DRAFT**

### **B. Proposed Fiscal Year 2017-2018 Housing Trust Fund Expenditure Plan (R. Bramson, Housing Department)**

Commissioner Shoor made the motion to defer the proposed fiscal year 2017-2018 Housing Trust Fund Expenditure Plan to the June meeting with a request for more information from staff on what is to be funded. Commissioner Gill seconded the motion. The motion passed unanimously (10:0).

### **C. Nomination of Commission Chair and Vice Chair (D. Bopf, Housing Department)**

Commissioner Fitzgerald nominated Commissioner Medina for Commission Chair with a second by Chair Graves.

Commissioner Wheeler nominated Commissioner Shoor for Commission Chair with a second by Commissioner Gill.

Commissioner Fitzgerald nominated Chair Graves for Commission Vice Chair with a second by Commissioner Jones.

Commissioner Shoor nominated Commissioner Thompson for Commission Vice Chair. Commissioner Thompson respectfully declined the nomination.

Commissioner Shoor nominated Commissioner Wheeler for Commission Vice Chair with a second by Thompson.

## **(VII) Public Comment**

Ms. Cartwright commented on the State's Costa-Hawkins efforts as well as the lack of safety at the City Council Meeting when the Tenant Protection Ordinance/Ellis Act topics were being heard.

Commissioner Thompson commented that the Commission should have a say on issue concerning the private property owner who uses to build affordable teacher housing on their property.

Commissioner Shoor inquired about a community meeting about emergency shelters.

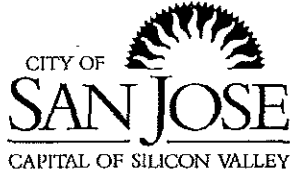
Commissioner Jones requested an update on the Mobilehome Closure Ordinance.

## **(VIII) Meeting Schedule**

The next regular meeting will be on Thursday, June 8, 2017 at 5:45PM, in the San Jose City Hall Wing Rooms 118-120.

## **(IX) Adjournment**

Chair Graves adjourned the meeting at 8:42pm.



# Memorandum

**TO:** CITY COUNCIL

**FROM:** Mayor Sam Liccardo

**SUBJECT:** ACTIONS RELATED TO MOBILEHOME PARK CLOSURES **DATE:** May 16, 2017

Approved  Date 5-16-17

## RECOMMENDATION

1. Decline staff recommendation to enact a Mobilehome Park Closure Ordinance.
2. Direct the City Manager to return to Council in August with:
  - a. An analysis, including workload, cost, and necessary level of environmental clearance, for a General Plan amendment overlay for dozens of mobilehome park sites to either a "Commercial," "Industrial," "Industrial Park" or a (proposed) "Mobilehome Park" land use designation for those sites that currently have a Residential designation.
  - b. A review of the recommendations proposed by the Law Foundation of Silicon Valley, in its letter dated May 11, 2017, and a presentation of staff's perspectives on any such recommendations that can be incorporated when the Council returns in August.
3. Approve staff recommendations (b) and (c) as per the posted May 16, 2017 City Council Agenda.
4. Approve the staff-recommended General Plan Text Amendments relating to protection of existing mobilehome parks.

## BACKGROUND

In recent days, the legal landscape—both with regard to City of San Francisco's decision to decline to appeal the *Coyne* decision, as well as in the posture of litigation relating to the City of San Jose's ordinance—has changed considerably. These changes have given me—and I suspect, several of my colleagues—reason to believe that a closure ordinance will not serve the purpose of finding a fair balance between the needs of home owners and park owners.

#### 4. COMMUNITY & ECONOMIC DEVELOPMENT

##### 4.1 Actions Related to Mobilehome Park Closures.

Heard Jointly with Item 10.1.

**Recommendation:** Amendment to Title 20 of the San José Municipal Code (the Zoning Code or Zoning Ordinance), and revisions to City Council Policy 6-33 “Conversion of Mobilehome Parks to Other Uses,” to provide for a more comprehensive review of zoning and land use permit applications for the conversion of use of sites with existing mobilehome parks and multi-family housing:

(a) Approve an ordinance amending Title 20 of the San José Municipal Code (the Zoning Code) to add a new Part 5 to Chapter 20.180 regarding Mobilehome Park Closure Projects.

**No action taken.**

(b) Approve an ordinance amending Chapter 20.120 entitled “Zoning Changes and Amendments” and Section 20.80.460 relating to the evaluation of permit applications for the demolition, removal, or relocation of a building within those sections of the Zoning Code in order to provide for a more comprehensive review of zoning and land use permit applications for the conversion of use of sites with mobilehome parks and existing multi-family housing, and to make other technical, formatting or other non-substantive changes within those sections of the Zoning Code.

**Ordinance No. 29945 passed for publication.**

**Noes: Khamis.**

(c) Adopt a resolution amending City Council Policy 6-33 “Conversion of Mobilehome Parks to Other Uses,” (the Policy), to change and add provisions for consideration of mobilehome park conversions to other uses to facilitate implementation of the requirements in the Zoning Code regarding mobilehome park conversions to another use including:

(1) Defining the term “sufficient information” in Section 1.d. of the Policy to ensure that Designated Resident Organizations (DRO) can make a well-informed assessment of the mobilehome park’s value and/or what procedures can be established for a DRO to get access to that information;

(2) Providing clarifying language in Section 1.e. of the Policy; and

(3) Providing additional scenarios for selecting appraisers and consultants under Sections 2.a. and 2.c. of the Policy.

CEQA: Not a Project, File No. PP10-068, General Procedure and Policy Making that involves no changes in the physical environment or Exempt pursuant to Section 15061(b)(3). Planning Commission's motion to recommend approval of Director of Planning, Building and Code Enforcement's recommendation failed (2-4-1; Abelite, Allen, Ballard, and Bit-Badal opposed; Vora absent). (Planning, Building and Code Enforcement/Housing)

**PP17-023 – Citywide**

(Deferred from 4/11/17 – Item 4.3)

**Resolution No. 78166 adopted.**

**Including Mayor Sam Liccardo’s memorandum dated May 16, 2017, to:**

**1. Decline staff recommendation to enact a Mobilehome Park Closure Ordinance.**

**2. Direct the City Manager to return to Council in August with: (a) An analysis, including workload, cost, and necessary level of environmental clearance, for a General Plan amendment overlay for dozens of mobilehome park sites to either a**



**"Commercial," "Industrial," "Industrial Park" or a (proposed) "Mobilehome Park" land use designation for those sites that currently have a Residential designation; (b) A review of the recommendations proposed by the Law Foundation of Silicon Valley, in its letter dated May 11, 2017, and a presentation of staffs perspectives on any such recommendations that can be incorporated when the Council returns in August.**

**3. Approve staff recommendations (b) and (c) as per the posted May 16, 2017 City Council Agenda.**

**4. Approve the staff-recommended General Plan Text Amendments relating to protection of existing mobilehome parks.**

Noes: Khamis.

#### **10.1 General Plan Text Amendment: Mobilehome Park Closures.**

Recommendation:

(a) Open the General Plan Hearing.

General Plan Hearing held.

(b) Tentative approval of General Plan Text Amendments relating to protection of existing mobilehome parks to: 1) strengthen goals and policies to protect existing mobilehome parks in the City of San José as a component of housing choice, and a source of existing affordably-priced housing in established neighborhoods and to improve protection from conversion to other uses; and 2) add General Plan goals, policies, and actions to preserve mobilehome parks and other housing in each Urban Village until the preservation of affordable housing can be comprehensively addressed by adoption of an Urban Village Plan specific to that Urban Village. CEQA: Not a Project, File No. PP10-068, General Procedure and Policy Making that involves no changes in the physical environment or Exempt pursuant to Section 15061(b)(3). Planning Commission recommends approval (6-0-1, Yob abstained). (Planning, Building and Code Enforcement/Housing)

(c) Continue the General Plan Hearing to June 13, 2017.

GPT15-006 – Citywide

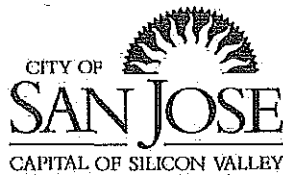
(Deferred from 4/11/17 – Item 10.2)

**Heard jointly with Item 4.1.**

**Resolution No. 78168 adopted.**

**Noes: Khamis.**

Source: <http://www.sanjoseca.gov/DocumentCenter/View/68878>



# Memorandum

**TO:** HOUSING AND COMMUNITY  
DEVELOPMENT COMMISSION

**FROM:** Ray Bramson  
Division Manager,  
Housing Department

**SUBJECT:** HOUSING TRUST FUND  
EXPENDITURE PLAN – FY 2017-18

**DATE** May 4, 2017

## RECOMMENDATION

It is recommended that the Housing and Community Development Commission accept the Housing Trust Fund Expenditure Plan for Fiscal Year 2017-18.

## BACKGROUND

In the early 1990s, the Housing and Homeless Fund was established as the repository of funds with relatively few requirements that the Housing Department receives from time to time. The name of the fund was subsequently changed to "Housing Trust Fund" (HTF).

The Fund was established in part because virtually all other funding sources available for affordable housing programs specifically prohibit expenditures on homeless support or for the case management services that many chronically homeless individuals need in order to succeed in obtaining and retaining permanent housing.

The Municipal Code specifies that the Director of Housing will administer the HTF Grants, contracts or other expenditures exceeding \$100,000 need approval by the City Council while the Director is authorized to act independently for those under \$100,000. The Code also specifies that there be a committee to advise the Director on the use of HTF funds. By resolution, City Council named the Housing and Community Development Commission to act as that committee.

## ANALYSIS

It is the Department's intention to present to the Commission annually with the proposed HTF budget for the upcoming fiscal year. The following provides a brief description of the key items funded in the budget:

- Homeless and Housing Projects - \$1,200,000
  - *Support for Coordinated Homelessness Information Management in San José:*  
With over 4,000 homeless on any given, long-term support and coordination among all public systems is critical to ensure the stability of this extremely vulnerable group. The County's Office of Supportive Housing serves the

May 4, 2017

Subject: Housing Trust Fund Expenditure Plan – FY 2017-18

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community as the central coordinator of services and housing for homeless individuals and families. Funding will provide the County with the support needed to operate the Homeless Management Information System (HMIS) to track outcomes for homeless clients in San José, enhancing system efficiency and ensuring resident access to critical services.

- *Essential Services for Unsheltered Populations:* During the 2015 biennial homeless census and survey, census workers enumerated 4,063 homeless individuals in San José. Out of the total 4,063 persons, 69% were living on the streets, in abandoned or storage structures, vehicles, or encampments. On a per capita basis, San José has one of the largest unsheltered populations of any major city in the United States. With 2,810 people living outside on any given night, approximately 500 residing in their vehicles, essential street-level services and emergency shelter, and interim housing options can help to provide temporary solutions to increase the safety of these households and potentially provide linkages to housing and long-term stability. Through this funding, staff anticipates supporting: 1) overnight warming locations during periods of inclement weather; 2) a mobile shower and laundry service, and; 3) place-based homeless outreach at libraries and other community facilities.
- *Downtown Streets Team:* This program provides homeless participants with outreach case management, employment development services, and housing placement assistance. Participants will graduate through the program to learn workplace skills, earn food/housing/basic needs stipends, and find employment. While in the program, participants will serve in sensitive riparian areas with work crews providing debris removal, trash/illegal dumping collection, and weed abatement.
- Emergency Assistance – \$50,000  
Emergency assistance funding provides Homelessness Response Team staff with a flexible resource to cover costs such as hotel and motel stays for temporary housing emergencies that would otherwise result in homelessness for adults, youth, and families.
- City Staffing and Overhead – \$587,442  
This appropriation primarily pays salaries and related expenses for staff in the Housing Department whose duties are related to responding to homelessness.

A representative from the Department's Homelessness Response Team will be present at the Commission meeting on May 11, 2017 and will be able to answer any questions that you may have in this regard.

/s/

Ray Bramson  
Division Manager,  
Homelessness Response

Attachment

Attachment

**HOUSING TRUST FUND  
FY 2017-18 Expenditure Plan**

<u>USE OF FUNDS</u>	<u>AMOUNT</u>
Emergency Assistance	\$50,000
Housing and Homeless Projects	\$1,200,000
• Support for HMIS (\$150,000)	
• Essential Services for Unsheltered Populations (\$700,000)	
• Downtown Streets Team (\$350,000)	
City Staffing and Overhead	<u>\$587,442</u>
<b>Total FY17-18 Expenditures</b>	<b>\$1,837,442</b>
<b>Remaining Housing Trust Fund Balance</b>	<b>\$1,656,442</b>



## *Memorandum*

**TO:** NEIGHBORHOOD SERVICES  
& EDUCATION COMMITTEE

**FROM:** Jacky Morales-Ferrand

**SUBJECT:** SEE BELOW

**DATE:** May 22, 2017

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**SUBJECT: HOUSING GRANTEE SELECTION AND PERFORMANCE REVIEW  
PROCESS**

### **RECOMMENDATION**

Accept the report on the Housing Department's grantee selection and performance review process and recommend this item for full City Council consideration at the June 13, 2017, Council meeting.

### **OUTCOME**

The purpose of this report is to provide the Neighborhood Services and Education Committee with an overview of the Housing Department's process for selecting grantees and evaluating grantee performance.

### **EXECUTIVE SUMMARY**

The Housing Department administers approximately \$12 million in service agreements with nonprofit agencies each year. These agreements support a broad range of activities that serve the City's low-income and at-risk communities such as people experiencing homelessness, senior residents, and low-income renters and homeowners. Examples of the types of services funded this past year include homeless shelter operation, homeless outreach, case management, neighborhood engagement, legal services, job training, and home repair.

This report provides the NSE Committee with information on the federal funding process, the Department's responsibilities in managing grants, and the City's reporting requirements to the U.S. Department of Housing and Urban Development ("HUD"). The emphasis of this memorandum is the process by which the Housing Department measures performance of the

agencies selected to provide these vital services. Activities pertaining to this effort occur in each stage of the grant starting with the selection of the services to be funded. Staff evaluates performance goals as part of the procurement process and incorporated into the service agreements with the agencies selected to provide services. Performance is rigorously evaluated by the Housing Department staff utilizing established reporting protocols and on-site monitoring of grantees. In some cases, Housing Department staff will require that grantees take actions to improve their performance. If grantee performance is determined to not meet expectations, the Department can choose to discontinue funding a service and or a specific agency.

During recent discussions pertaining to the approval of HUD-required documents, City Councilmembers have inquired about the Housing Department's process for both granting funds and measuring performance of grantees. This memorandum addresses those questions and provides a vehicle to elicit input from the Committee regarding the Housing Department's grant process.

## **BACKGROUND**

The City's Housing Department is tasked with administering HUD's annual federal grant awards. HUD awards approximately \$12 million to the City each year by formula through four programs—the Community Development Block Grant (“CDBG”), Emergency Solutions Grants (“ESG”), Housing Opportunities for Persons with AIDS (“HOPWA”), and HOME Investment Partnerships (“HOME”) Program. A significant portion of these are awarded to nonprofit grantees to provide services to the community.

### **The Federal Funding Process**

In order to qualify for federal funds, HUD requires that the City submit the following documents.

1. A Five-Year Consolidated Plan (“Five-Year Plan”), which documents the City's housing needs and its strategies for meeting those needs during a five-year period.
2. An Annual Action Plan (“Annual Plan”), which details the investment strategy in each of the five years within a Consolidated Plan cycle to meet identified priorities.
3. A Consolidated Annual Performance and Evaluation Report (“CAPER”), which summarizes the City's progress in meeting the objectives of its respective Annual Plans.

### **Five-Year Strategic Spending Plan**

The Consolidated Plan is a five-year strategic spending plan governing the usage of federal funds from HUD. The City Council approved the current FY 2015-20 Consolidated Plan in May 2015. Development of the Five-Year Plan requires significant community input to identify local needs and the City's resulting priorities for administering its federal funds. The current Plan was developed after the Housing Department and its consolidated planning consultant conducted extensive community outreach and data gathering.

The process resulted in the selection of the following four goals to address housing and community development needs in San José:

1. Increase and Preserve Affordable Housing Opportunities
2. Respond to Homelessness and Its Impacts on the Community
3. Strengthen Neighborhoods
4. Promote Fair Housing Choice.

#### Annual Action Plan

The projects and services planned for each fiscal year in the City's Annual Action Plan advance the four goals outlined in the Five-Year Plan. The City Council approved the current FY 2016-17 Annual Action Plan in May 2016 for the second year of the 2015-20 cycle.

Each year, the Housing Department conducts outreach to solicit public input on its funding strategies and potential uses of funds. This process includes several months of community and stakeholder outreach in public meetings and through the acceptance of comments to posted drafts. The input received, along with relevant supporting data, is used to develop the draft Annual Action Plan for the following year. Staff presents the draft Annual Plan for input to the Housing and Community Development Commission and to the Neighborhood Services and Education Committee. Once approved, Action Plan authorizes the City to undertake a broad range of activities, such as infrastructure improvements, homeless services, nonprofit facility improvements, and housing rehabilitation.

Each of the federal programs (CDBG, ESG, HOME, HOPWA) has unique project eligibility requirements and regulations. The Housing Department relies on its Grants Management Team and the RFP process described below to select eligible projects and to document compliance with federal requirements for each program. After the City Council approves the Annual Action Plan, staff submits it to HUD for review and approval.

#### Annual Performance Report

The Department is required by HUD to submit an annual report that summarizes the City's progress in meeting the objectives of its Annual Plan. This Plan, known as the Consolidated Annual Performance and Evaluation Report (CAPER), is approved by City Council and submitted to HUD in September of each year.

#### Other Grants Managed by the Housing Department

In addition to these federal funds, the Housing Department oversees approximately \$4 million in General Funds directed to addressing homelessness. The Department also oversees the City's Housing Trust Fund which supports approximately \$2.5 million in agreements each year, primarily funding homeless services. As with the federal funds, a significant portion of these funds are awarded to nonprofit service providers. The process for managing these funds is the same as for the federal funds.



## **ANALYSIS**

The Department's grantee selection and performance measurement process is designed to select proposals that maximize the use of limited resources and support improvements in grantees' performance. Staff's work can be categorized into four activities: 1) Selection of Services and Service Providers; 2) Grant Agreement Negotiation and Execution; 3) Grantee Performance and Outcome Assessment; and, 4) Grantee Monitoring. Review and analysis of performance measurement is incorporated into each step of this process. More details on each of these activities is provided below.

### **Selection of Services and Service Providers**

The Consolidated Plan and Annual Action Plan creation processes involve extensive community outreach and data analysis to determine needs and priorities. The Housing Department utilizes the information gathered to identify priorities and select activities to receive federal funding. When considering activities for funding, staff contemplates how activities support the established five-year goals, advance other strategic goals, and meet funding eligibility criteria.

Services that are eligible for funding include those delivered by City staff and by nonprofit agencies. Code Enforcement is an example of a federally-funded service provided by City staff. However, this report focuses *only* on services provided by nonprofit agencies and how their performance is measured.

### **Request for Proposals**

When a service has been prioritized as a funding need, the Housing Department conducts a competitive process via a Request for Proposals ("RFP"). RFPs are developed based on information gathered from the community input process and local data. The RFP instructions outline the scope of requested services, eligibility criteria, application instructions, and the proposal review and rating process.

For example, the Housing Department recently issued an RFP for Senior Services to be supported with CDBG funding. Local data supported the need for senior services because of the high cost of living for elderly residents living on fixed incomes. After receiving input on the priorities from community members and from the City's Seniors Commission, the Department narrowed its focus to senior programs that provide shared housing, meals, and/or transportation. Staff then developed the RFP for senior services with these three areas of project eligibility.

In the past, the Department conducted annual competitions to award federal grants. Due to staff reductions, the Department lengthened its grants cycle and now issues new RFPs every three to five years. Increasing the time between competitive processes has several advantages. It provides consistent funding so that grantees can count on several years of funding. This allows the grantee to build expertise and capacity.

Periodically issuing RFPs for the same activity ensures that the City is continuously revising its service delivery models to incorporate the most current technology and best practices. It also

challenges nonprofit agencies to provide their highest attainable service delivery outcomes in order to obtain funding from the City. By doing so, the City is ensured that it is getting the maximum community benefit from its limited federal funds.

### Proposal Evaluation

After proposals are submitted, a proposal review panel evaluates and scores the proposals based on pre-established rating criteria. The panel includes staff with subject expertise within the Housing Department, as well as outside experts and individuals from interested groups. For instance, the recent Senior Services RFP panel included Housing Department staff, the chair of the Seniors Commission, and staff from the Department of Parks, Recreation, and Neighborhood Services' Senior Health and Wellness Program.

The RFP manager provides the panel with detailed proposal review and rating guidance. Proposals are rated in several categories and the scores are compiled and averaged across all panelists. For example, the recent senior services RFP included the following evaluation criteria:

Criteria	Weight
Project Eligibility	Pass/Fail
Audit Review	Pass/Fail
Program Description	25%
Organizational and Financial Capacity and Experience	30%
Outputs and Outcomes	35%
Budget and Fee Structure	10%
Matching Funds Bonus	+2 or +4 (on 100-point scale)

The assessment of the proposal using these criteria is summarized below.

#### *Project Eligibility*

The Grants Management Team reviews each proposal to ensure the project is eligible under the funding source and the requirements outlined in the RFP. For example, CDBG eligibility criteria require that services assist low-income residents. Staff verify that the proposal will serve low-income residents prior to moving the proposal forward in the review process.

#### *Audit Review*

The Grants Management Team reviews two years of financial audits to assess financial capacity and review audit findings. If financial statements indicate open audit findings or concerns, staff reviews the agency's response to the findings or concerns to verify that the agency has resolved the issue.

#### *Program Description*

All RFP panel members review the program description. This is a narrative describing the need that the project is addressing, the geographic area to be served, the structure of the proposed program, outreach and education methods, collaborative partnerships, and the number of people

the program will serve. Applicants are scored on the robustness of their program and the proposal's strength in each of these areas.

*Organizational and Financial Capacity and Experience*

RFP Panelists review the proposal to assess the agency's ability to carry out the services proposed. This includes an analysis of their experience providing services similar to those described in the proposal, the agency's experience administering government grants and federal funding, staffing and oversight plans, and cultural competency. It also includes a review of job descriptions and the experience and qualifications of key staff to assess the quality and capacity of the staff members working on the program.

*Outputs and Outcomes*

RFP Panelists review the applicant's proposed means of measuring their performance. This includes both an analysis of the number of services provided ("outputs"), as well as the projected impact of the program for participants ("outcomes"). For example, a program might deliver services to a certain number of clients experiencing homelessness to get them stably housed; this is an *output* measure. By contrast, a client's improvement in his or her ability to, for instance, remain in their home one year after initial occupancy is the overall achievement; this is an *outcome*.

*Budget and Fee Structure*

Applicants provide a line item budget and a description of how each cost relates to the proposed program. RFP Panelists evaluate the proposed budget and budget methodology to determine cost eligibility, utilizing their subject matter expertise and instruction from the RFP Manager.

*Matching Funds Bonus*

Although most of the City's federal funding sources do not require a match from grantees, additional points are awarded to proposals that provide matching funds of 20% or more. The Grants Management Team makes this determination.

Evaluating Service Delivery Costs

After the panel completes the review and ranking process, the Department's Grants Management Team performs a cost reasonableness analysis for all proposals considered for funding. This involves an in-depth analysis of the costs for the services to be provided by the grantee. Applicants must provide cost allocation plans to demonstrate that shared costs, such as rent and utilities, are distributed among all funding sources.

It's important to note that the Housing Department does not typically evaluate public service proposals using Return on Investment methodology to compare proposals. One reason the Department does not utilize this evaluation methodology is because services often cover a range of clientele, some of whom may require more support than others to achieve the goals of the program. For instance, the cost to move a chronically homeless individual from living on the streets to permanent housing may be much higher than assisting an individual who recently become homeless due to the loss of a job. Evaluating proposals based on cost per unit of service

methodology does not account for the differences in subpopulations served through a single contract.

### Evaluating Proposed Performance Measurements in Proposals

Specific performance measures are often not dictated in the RFP, but applicants are required to propose how they will report on their performance. For some types of services, there are uniform performance measures that are included in the RFP with the requirement that they be incorporated into the grant agreement. For example, homeless services agreements must include measures set by the County's Continuum of Care, so that they can be reported and measured via the county-wide Homeless Management Information System.

For other types of services for which there are not universally agreed-upon performance measures, applicants propose performance measures and goals. Staff gauges the appropriateness of measures and goals by periodic benchmarking against past grantees' performance. When similar services exist in other communities, they are also benchmarked against those services and service providers. The Grants Management Team staff then work with the funded agencies to refine and strengthen the measures during the grant agreement negotiation process.

### Grantee Selection and Funding Recommendations

After the evaluation panel rates the written proposal, the panel has the option to invite the applicants to present their project and answer questions via an in person presentation and interview. Evaluation panels typically exercise this option when the scores are very close in value or when there are unanswered questions about the proposals. After the proposal ratings are finalized, the Housing Department makes recommendations for funding to the Housing Director, City Manager's Office, or City Council, depending on the dollar amount of the agreement and the contract authority. When the programs are supported with federal funds, the recommendations are generally included in the City Council approval of the Annual Action Plan.

Agencies are notified of funding recommendations and are given an opportunity to appeal the decision and/or request a debrief with Housing Department staff. The Housing Director responds to all appeals directly and Housing staff grant all requests for debrief meetings. During the proposal debrief, Housing staff explain the rating and award process and provide feedback on the panel's assessment of the agency's proposal.

### Grant Agreement Negotiation and Execution

After the awards are approved, the Housing Department Grants Management Team begins negotiating the specific terms of the grant agreements with selected agencies. Grant agreements include standard terms and conditions specific to each federal funding source, as well as City requirements. The scope of services, budget, and specific performance measures are negotiated for each project. However, each grantee agreement includes the following categories of performance measures:

1. *Unduplicated Participants* – Each agreement includes a target for the number of unduplicated participants that will be served by the program for the term of the agreement, typically one year.
2. *Services Measures/Outputs* – For each type of service, the agreement includes quarterly goals to measure the amount or level of service provided. Some examples include the number of case management sessions provided, the number of meals served, and the number of shelter nights provided. Outputs often provide Grants staff with service trends and add context to outcome results.
3. *Outcomes* – Each program includes outcomes to measure the impact of the program on the problem it is attempting to address. The outcomes are intended to measure the change that occurred over a defined period of time.

The Department often chooses to include additional or alternative performance measures from those proposed by an agency in order to more effectively measure success of the program. These may be adapted from best practice research and/or negotiation with the service provider. Staff work to ensure the measurement methodology and goals are clear and reasonable prior to executing the agreement.

### **Grantee Performance and Outcome Assessment**

After agreements are executed and the services are being delivered, grantees submit quarterly progress reports on performance goals. The Housing Department's Grants Management Team reviews the progress reports and assesses the performance. If a program is not meeting goals, staff will work with the grantee to determine the reason for nonperformance and monitor improvements over the term of the grant. Staff will also analyze the services provided in comparison to the agency's requests for payments to make sure they are compatible. If the invoiced amount is unreasonable in comparison to the type and level of services delivered, corrective actions are required by the City prior to payment.

The following examples for the People Assisting the Homeless ("PATH") Downtown Homeless Outreach Program illustrate the process in greater detail. PATH was selected from the Homeless Outreach and Rapid Rehousing RFP issued in 2015 and began this project in Fiscal Year 2015-16. They are now in the fourth quarter of the second year of the program. PATH's program provides street outreach, homeless assessments, case management, and referrals to homeless residents living in downtown San José. The program also provides a case manager at the MLK library.

Housing staff worked with the grantee to develop performance measures for fiscal year 2016-17. A subset of the performance measures included the PATH contract are provided below as examples of measures included in each service agreement and to illustrate how they are utilized by staff to assess performance.

*Unduplicated Participants*

Unduplicated Participants are defined as participants who receive services at least once a year but whom may not be counted more than once in that year. The grantee is required to retain records documenting eligibility for all unduplicated participants.

*Unduplicated Participants - PATH Example*

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Goal	110	29	28	28	195
Actual	94	38	68	TBD	200

When tracking unduplicated participants, many programs that provide these types of services enroll most of their participants in the first quarter and then the numbers decrease over the term of the grant. As shown in this example, PATH fell below the goal for unduplicated individuals served in the first quarter. This raised a concern by the Grants Management Team. Through dialogue and interaction between City staff and PATH, the agency took actions to address the concern and has now exceeded the annual goal at the end of the third quarter.

*Outputs*

Output goals identify the amount or level of services to be provided. In this example, the output is related to the goal for the number of assessments PATH will conduct with homeless individuals during the term of the contract.

Using the Vulnerability Index - Service Prioritization Decision Assistance Tool ("VI-SPDAT"), PATH prioritizes the most vulnerable individuals living on the streets of downtown San José. This assessment tool helps identify individuals who should be recommended for each housing and support intervention available in the Countywide Coordinated Entry System. The tool helps identify the best type of support and housing intervention for an individual. The output below represents unduplicated individuals for whom a VI-SPDAT was completed and entered into the Coordinated Assessment System.

*Engagement and assessment (# of unduplicated engagements / VI-SPDAT assessments)*

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Goal	10	22	22	27	81
Actual	94	38	68	TBD	200

According to these output measures, the grantee has already met the annual output goal for assessments by the third quarter. If PATH is awarded funding for an additional year, staff will revisit this goal with the agency and will likely increase the quarterly and annual target.

*Outcomes*

Outcomes measure the impact of the program on the problem it is attempting to address. In this example, the outcome measures the percent of homeless individuals for whom assessments were completed and who were placed into permanent housing within the term of the agreement. All of the services, including outreach, assessment, and case management, are focused on meeting this goal of placing individuals in permanent housing.

<i>Permanent Housing Placement</i>				
Annual goal: 10% of clients contacted via street/encampment outreach will move from street to permanent housing destination				
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Actual	6%	6%	8%	TBD

PATH has assisted 8% of its clients to move to permanent housing destinations at the end of quarter three and it expects to house additional clients in quarter four to reach or exceed 10% of their clients. The results for this outcome typically improve throughout the year because placing an individual into permanent housing usually takes several months to years to achieve. The outreach teams begin with making outreach contacts, conducting assessments, then providing ongoing case management to reach this goal. Often, finding permanent housing placement is dependent on the assistance available at the county-wide level, such as rapid re-housing assistance or available apartments. Given PATH's status in the third quarter and the current resources available, staff judges it likely to attain its annual goal.

### **Grantee Monitoring**

In addition to reviewing quarterly performance reports, Housing Department staff conduct annual risk assessments of all grantees and conduct monitoring visits based on the risk assessment results. The risk assessment process results in a numerical score for all grantees. The numerical score is based on multiple risk factors including those listed below.

- Amount of funding
- Timeliness and accuracy of invoices and quarterly reports
- Complexity of the program
- Length of time since the last monitoring visit
- Status of past monitoring or audit findings

After conducting a risk assessment for each grantee, staff conducts on-site monitoring visits for those agencies deemed to have the highest risk for not meeting their performance outcomes or for financial noncompliance. Grantees receiving large awards or managing complex projects are typically monitored on an annual basis. All grantees are monitored at least every two years.

### **On-site Monitoring Process**

Monitoring visits involve an assessment of financial capacity, a review of compliance with program requirements, and a review of documentation confirming the data submitted in quarterly progress reports. Additionally, Housing Department staff meet with key program staff at the grantee agency to assess staff capacity. The on-site monitoring process is guided by monitoring report forms, which are specific to each funding source. After the site visit is complete, staff complete a written monitoring report. This report identifies concerns which may result in a Corrective Action Plan ("CAP"). Staff utilize CAPs to outline additional requirements or

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deadlines to ensure the grantee comes into compliance and/or improves their capacity to provide the contracted services.

An example of an issue the Housing Department raised regarding a past grantee involved a project supporting a consortium of service providers. During the review of intake forms for each of the agencies, Grants Management Team staff discovered that one agency was not consistently collecting client signatures on the forms. This resulted in a recommendation to collect all signatures and train staff on the intake process to ensure consistency. In this example, the agency is asked to respond to the finding, and then the Grants Management Team follows up within a specified period to verify compliance.

HUD periodically monitors the City's federal grant programs using a similar process to the one described above. As part of the monitoring, HUD reviews the City's process for awarding funds, assessing performance, and monitoring grantees. In the course of many federal audits, HUD has not identified any concerns with the City's current process.

#### Grant Renewals

Most of the Housing Department's public service grants are awarded for a one-year term, with an additional two to four years of funding contingent on availability of funds and on grantee performance. After the third quarter of each year, the Grants Management Team evaluates programs and makes recommendations for grant renewal for high performing grantees. Renewed grants are included in the Annual Action Plan and approved by Council in the Spring of each year.

Occasionally, the Department determines that the services could be improved by making significant changes to the program. In such instances, the Department may choose not to extend grant agreements and initiate a new competitive process for a new service delivery model and/or service provider. When this occurs, the Department re-evaluates the structure and design of the program and issues a new RFP.

For example, over the past several years, the City has funded several nonprofit agencies to provide tenant-based rental assistance and/or related supportive services to homeless individuals and families. The funding sources for these agreements had unique requirements and the programs operated slightly differently. The Housing Department realized that combining these resources and issuing a new RFP would have several benefits. First, the program design and requirements would be uniform across the various service providers and participants would be served in a more consistent manner. In addition, the Department could align the program with national rapid rehousing best practices. With the launch of the County-wide Coordinated Assessment and Coordinated Entry System, the Housing Department saw an opportunity to develop and issue a new RFP with the requirement to enroll individuals from the County-wide system.



### Process improvements

The Housing Department's goal in providing grants to local nonprofit providers is to provide essential services in the community, to develop the capacity of local nonprofit organizations, and to improve the quality of life in our neighborhoods. The Department is continually assessing how the City prioritizes services to best meet the needs in the community and evaluating our efforts in providing those services. The Department revises its grant process on a regular basis as community needs change, as new research is published, and as best practices are developed.

The Department conducts annual community outreach to help assess the success of the City's programs and projects. In addition, the Grants Management Team hosts periodic workshops with all grantees to provide training and technical assistance and to invite feedback on the City's processes. These forums are used to revise the grant process. For example, the Housing Department recently hosted a workshop related to Performance Measurement for all grantees. During this workshop, grantees identified challenges they faced when entering data into quarterly reports in the City's online WebGrants system. As result of this input, the Grants Management Team will provide an annotated report form or template to all grantees, detailing the data or narrative information that must be entered into each field in the report form.

### EVALUATION AND FOLLOW-UP

This item will be heard by the City Council on June 13, 2017. Staff will incorporate feedback from the Neighborhood Services and Education Committee meeting and the June 13 City Council meeting into draft agreements with the service providers identified in the Draft FY 2017-18 Annual Action Plan. The Annual Action Plan is scheduled to be heard by the City Council on June 20, 2017. Performance of awarded service providers later will be included in the CAPER, which the City Council will consider in Fall 2017.

### PUBLIC OUTREACH

This item has been posted on the Neighborhood Services and Education Committee website for June 8, 2017, and will be placed on the City Council website for its June 13, 2017, meeting.

### COORDINATION

This item has been coordinated with the City Attorney's Office.

### COMMISSION RECOMMENDATION/INPUT

This item is designed to inform the City Council on how the Housing Department measures grants-related performance, per the City Council's questions. Staff will inform the Housing and Community Development Commission ("HCDC") of this memorandum. Staff also will bring the

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Annual Action Plan to HCDC on June 8, 2017, and will bring the annual CAPER to HCDC in Fall 2017. Both of those documents implement the performance measures discussed in this memorandum. Feedback from HCDC on both the Annual Action Plan and the CAPER will be integrated into those respective City Council actions.

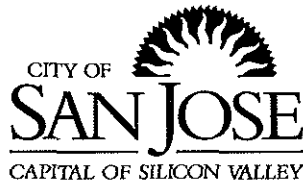
**CEQA**

Not a Project, File No. PP10-069 (a), Staff Report.

/s/

JACKY MORALES-FERRAND  
Director, Department of Housing

For questions, please contact James Stagi, Grant and Neighborhood Programs Administrator, at (408) 535-8238.



# Memorandum

**TO:** HOUSING AND COMMUNITY  
AND DEVELOPMENT  
COMMISSION

**FROM:** David Bopf

**SUBJECT:** SEE BELOW

**DATE:** June 1, 2017

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**SUBJECT: PUBLIC HEARING AND RECOMMENDATION FOR THE FISCAL  
YEAR 2017-2018 CITY OF SAN JOSE ANNUAL ACTION PLAN**

## **RECOMMENDATION**

That the Housing and Community Development Commission:

1. Hold the second of three Public Hearings on the FY 2017-2018 Annual Action Plan
2. Recommend City Council approval of the FY 2017-2018 Annual Action Plan

## **OUTCOME**

HCDC's recommendations and advancement of the FY 2017-2018 Annual Action Plan will enable the City Council to approve the Plan at the June 20, 2017 Council meeting allowing staff to submit the federally-mandated document to HUD by the August 16, 2017 deadline. Meeting this deadline will enable the City to remain eligible to receive approximately \$12 million in federal housing and community development funds in FY 2017-2018. The approved recommendations will allow the Director of Housing to negotiate and execute agreements with agencies receiving federal funding to implement the strategies identified in the FY 2017-2018 Annual Plan.

## **BACKGROUND**

As an Entitlement City, San José receives federal formula grants each year from the U.S. Department of Housing and Urban Development ("HUD") for housing and community development activities. The funding provided to the City is based on several factors including population, poverty, and housing statistics.

Every five years, HUD requires entitlement jurisdictions such as San José to develop a Five-Year Consolidated Plan. The Consolidated Plan: assesses the City's current housing market; analyzes demographic, ethnic, and socio-economic conditions; and, identifies populations within the City that have the greatest community and housing needs. It also defines the City's priority needs, strategies, and objectives for reducing the most prevalent barriers to housing and services in our community.

In May 2015, the City adopted the Five-Year Consolidated Plan for the FY 2015-2020 period. The City participated in a countywide collaboration to analyze data on housing needs and to develop this cycle's Consolidated Plan. The City then refined and prioritized the identified broad regional objectives to establish its four major goals, which meet both regional and local priorities:

- 1) Increase and preserve affordable housing opportunities;
- 2) Respond to homelessness and its impacts on the community;
- 3) Strengthen neighborhoods; and,
- 4) Promote fair housing.

In each of the five years in the Consolidated Plan, HUD requires entitlement jurisdictions to submit an Annual Action Plan ("Plan") which identifies a one-year strategy for meeting the goals contained in the Five-Year Plan. This proposed Annual Plan covers FY 2017-2018.

### **FY 2017-2018 Annual Plan Process**

The draft Plan was released on May 19, 2017, for public comment. The document can be found at <http://www.sanJoseca.gov/DocumentCenter/View/69031>. The public comment period continues until the City Council votes on the Plan on June 20, 2017. Typically, the draft Plan is developed and released in early April each year with the final Council approval in early May. The FY 2017-2018 Plan has been released later this year due to delays by the federal government adopting the 2017 federal budget, thereby delaying the final public hearing and City Council consideration. Given these delays, staff received guidance from HUD on how to accommodate this year's federal budget specifics in the Annual Action Plan.

### **Projected Federal Funding Levels**

The federal government has been operating under a Continuing Resolution ("CR") since October 1, 2016. This CR extended the FY 2016 discretionary spending levels through April 28, 2017. After extending the CR, the House and Senate finally approved the 2017 federal budget in early May. This year's timing was later than normal; jurisdictions are generally notified of their individual federal allocations prior to April, which allows grantees to incorporate final allocations into their Annual Plans. As of June 1, 2017, San José had not yet received its 2017 allocation notification; however, the annual deadline to submit the Annual Plan to HUD remains the same. Therefore, the funding levels in the Plan are based on projected program allocations, consistent with HUD's guidance.

Based on overall housing and community development funding identified in the 2017 federal budget, staff anticipates that funding levels in all four federal programs will be comparable to the

2016 funding levels. If the Department receives the City's official federal allocation levels prior to the June 20<sup>th</sup> City Council meeting, staff will submit a supplemental memorandum and will update the Annual Plan to reflect the final allocations. If the City receives its allocation notification after the City Council approves the Plan and staff submits it to HUD, the Plan will be formally amended and staff will inform the City Council. Should the allocations be significantly lower than anticipated, triggering material changes to the Plan, staff would create a Substantial Amendment to the Plan for public comment and the City Council's approval.

### **ANALYSIS**

The City is projected to receive approximately \$12 million in Community Development Block Grant ("CDBG"), Home Investment Partnerships Program ("HOME"), Housing for Persons with Aids ("HOPWA"), and Emergency Solutions Grant ("ESG") entitlement grants in FY 2017-2018. When added to prior-year balances and anticipated program income (loan repayments), the total federal funds to be programed in the coming year is approximately \$24 million. The table below summarizes the projected FY 2017-2018 federal funding levels:

<b>Funding</b>	<b>Annual Allocation</b>	<b>Prior-year Carryover*</b>	<b>Estimated 2017-2018 Program Income</b>	<b>Total Estimated Resources</b>
CDBG	\$7,970,491	\$2,484,832	\$2,400,000	\$12,855,323
HOME	\$2,500,000	\$6,950,000	\$0	\$9,450,000
HOPWA	\$850,000	\$150,000	\$0	\$1,000,000
ESG	\$755,000	\$0	\$0	\$755,000
<b>Total</b>	<b>\$12,075,491</b>	<b>\$9,584,832</b>	<b>\$2,400,000</b>	<b>\$24,060,323</b>

\*Note: The Prior-year Carryover amounts may differ from the amounts reflected in the City's annual budget due to timing differences regarding the treatment of program commitments and encumbrances.

### **FY 2017-2018 Annual Plan**

The FY 2017-2018 Annual Plan contains a description of all activities recommended for funding. Each of the activities detailed in this Action Plan is aligned with the four goals of the Consolidated Plan and contributes to the City's five-year objectives. The Plan aligns the City's available resources with the planned activities that will enable the City to meet its annual goals—and, by extension, stay on target to meet its Five-Year Plan goals. Following are the expenditure plans for CDBG, HOME, HOPWA, and ESG, including planned activities and a description of the agencies selected to implement. All activities are described in greater detail in the Plans Project Summary Table (*AP-38 Projects Summary*).

### **Community Development Block Grant (CDBG)**

*Description:* The CDBG program is a flexible program that supports the development of viable urban communities by providing decent housing, encouraging a suitable living environment, and expanding economic opportunities, principally for lower-income households.

As the largest and most flexible of the four federal grants, CDBG funds are divided into three categories. These include Public Services ("PS"), Community Development Improvement

("CDI"), and Administration activities. The CDI category is further delineated into construction projects and non-construction projects. Construction projects consist of capital projects that directly fund physical improvements such as facility or infrastructure improvements. Non-construction projects include programs and other indirect services provided to Low- and Moderate-Income Households.

*Plan:* The proposed CDBG activities for 2017-2018 are as follows:

<b>Funding Category</b>	<b>CDBG Activities</b>	<b>Funding</b>
PS	Senior Services	\$200,000
PS	Neighborhood Engagement and Leadership Training	\$200,000
PS	Services for Homeless and Unhoused Populations	\$350,000
PS	Legal Services for Low-income Tenants	\$500,000
CDI	Job Training for Homeless individuals	\$500,000
CDI	Minor Home Repair	\$1,250,000
CDI	Place-based Street and Infrastructure Enhancements	\$2,005,000
CDI	Targeted Code Enforcement	\$1,000,000
CDI	Nonprofit Facility Rehabilitation	\$3,230,360
Section 108	Section 108 Loan Repayment	\$1,885,865
Admin	Fair Housing	\$300,000
Admin	Grant Management	\$1,404,098
<b>Total CDBG</b>		<b>\$12,825,323</b>

### **CDBG - Public Services**

CDBG funds can pay for a variety of Public Services for low-income individuals. Program regulations require that funding for Public Services be capped at 15% of the annual allocation combined with the prior year's Program Income. (Program Income is primarily comprised of repayments of loans made from federal funds). Services are generally funded on a three- to five-year funding cycle to provide predictability in service delivery and to support organizational capacity of service providers.

The following services are new or beginning a new funding cycle in FY 2017-2018. These services and recommended agencies have been or will be selected through a competitive Request for Proposal (RFP):

<b>Service Type</b>	<b>Agency</b>	<b>Program</b>	<b>Funding</b>
Senior Services	The Health Trust	Meals On Wheels – Senior Services	\$125,000
Senior Services	Portuguese Organization for Social Services Opportunities	Senior Access and Health Support	\$75,000
Legal Services	New RFP – Late summer 2017	Legal Services for Low-income Tenants	\$500,000

The following services are existing services and service providers within a three-year funding cycle. Staff is recommending to extend the following services through FY 2017-2017 (one additional year) at the current funding levels.

Service Type	Agency	Program	Funding
Neighborhood Engagement	SOMOS Mayfair	Home Grown Talent Project	\$150,000
Neighborhood Engagement	CommUniverCity	Community Leadership Development	\$50,000
Homeless Services	HomeFirst	Homeless Outreach and Shelter	\$350,000

### **CDBG - Community Development Investments**

Community Development Investment (“CDI”) funds can be used to fund infrastructure and other needs. Enhanced Code Enforcement is one of the few “service” activities that can be funded with CDI funds. There is no limit on the amount of funding that may be dedicated to the CDI category. The FY 2017-2018 Annual Plan allocated CDBG funding to the following CDI activities:

Place-based Projects – Housing Department staff has coordinated with other City Departments to identify infrastructure and other capital projects eligible for CDBG that benefit the City’s lower-income communities. Since 2012, CDBG resources have leveraged investments in the Santee/McKinley, Mayfair, and Five Wounds/Brookwood Terrace neighborhoods to create clean, safe, and engaged neighborhoods. In FY 2017-2018, the Housing Department has expanded its focus to include three low-income areas adjacent to planned supportive housing developments at Evans Lane, Senter Road, and South Second Street. The Plan allocates \$2,005,000 for FY 2017-2018 for the following proposed City projects:

Project	Description
Traffic Calming at King and San Antonio	Includes accessible ramps at all four corners, enhanced pedestrian crosswalks/walkways, and speed reduction measures
The Green Alleyways Project	Improvements will provide a reliable roadway surface to ensure safe access for residents, improve accessibility, improve stormwater management.
Enhanced Crosswalk	The enhanced crosswalks will provide high-visibility crosswalks through flashing beacons and added signage, and will provide greater accessibility to paths of travel.
Lighting and Traffic Calming at Evans Lane	Installation of new and upgrading lighting in the area, and adding traffic calming measures. In addition to supporting the areas immediately adjacent to the future affordable housing to be built at Evans Lane, this project serves the needs of the broader community.

Nonprofit Facility Rehabilitation – The community-based organizations in the Bay Area provide vital services for the residents of San José. They offer services that are often not feasible for public or private organizations to administer. Many organizations struggle year-to-year to raise the revenue needed to provide basic essential services, often to provide for the most at-risk

residents. This ongoing lack of resources leaves many agencies with the inability to maintain or improve the facilities that house their staff or the spaces where they provide direct services. Capital Improvement funding for nonprofit facilities has been identified as a critical need by many of the non-profit agencies in San José and has been listed as a priority by the Silicon Valley Council of Nonprofits. The Plan targets a total of \$3,230,360 for nonprofit facility rehabilitation. These funds will be allocated as follows:

Agency	Program	Funding
<i>Bill Wilson Enclave Rehabilitation</i>	Project was originally funded in the FY2014-2015. Some project cost was deferred to FY 2017-2018	\$726,201
New RFP	New Non-Profit Facility Rehabilitation RFP/NOFA in Fall	\$2,504,159

CDI-funded Non-construction – As previously mentioned, the CDI category is categorized as construction projects and non-construction projects. Non-construction projects include programs and other indirect services benefitting to low- and moderate-income individuals and households. Below is a list of the programs funded under the CDI category:

Agency	Program	Funding
City Code Enforcement	Enhanced Code Enforcement	\$1,000,000
Rebuilding Together Silicon Valley	Minor Repair and Limited Rehab for Low-Income Homeowners	\$1,000,000
Habitat for Humanity	Minor Repair and Limited Rehab for Low-Income Homeowners	\$250,000
San José Streets Team	Job training for homeless and at risk individuals	\$500,000

Note: Rebuilding Together Silicon Valley will receive a one-time increase of \$250,000 in FY 2017-2018 to offset the agency's pipeline of Coyote Creek Flood repairs.

Administration: Recognizing the significant requirements associated with managing CDBG funds, HUD allows funding of administrative planning and oversight utilizing up to 20% of the annual allocation combined with the current year's Program Income. In addition to grant planning and oversight, Fair Housing is the sole service that can be paid from the Administration as opposed to the Public Service category. Generally, the Housing Department splits the cost of Fair Housing services between the Public Services and Admin categories. In anticipation of a large loan repayment in FY 2017-2018, this year's CDBG Program Admin is projected to be slightly higher than previous year's allowing the CDBG funded Fair Housing Services to be fully funded through Admin. The total allocation for Administration in FY 2017-2018 is \$1,704,098.

Agency	Program	Funding
City	Grant planning and administration	\$1,404,098
Law Foundation	Fair Housing Services - five agency consortium	\$300,000

Section 108 Loan Repayment - The City is also required to allocate approximately \$2 million annually to repay the federal government for Section 108 loans made to the City's former Redevelopment Agency for various private development projects. When the loans were executed, CDBG funds were identified as the collateral funding source for this repayment obligation. Until another source of funding is identified, CDBG will continue to be the source of this repayment. In FY 2017-2018 \$1,885,865 will be allocated for Section 108 loan repayments.



### **HOME Program**

*Description:* The HOME program provides financial assistance to help increase the supply of affordable rental and homeownership housing for low-income households through the acquisition, rehabilitation, or construction of affordable housing and through the provision of tenant-based rental assistance.

*Plan:* HOME funds, including unspent funds from last year and projected program income, are proposed to be allocated in FY 2017-2018 as follows:

<b>Proposed 2017-2018 HOME Activities</b>	
<b>Project</b>	<b>Allocated Amount</b>
New Development	\$6,700,000
Program Administration	\$250,000
Fair Housing Services (Admin)	\$100,000
Tenant Based Rental Assistance (TBRA)	\$2,400,000
<b>Total HOME</b>	<b>\$9,450,000</b>

A new RFP for Rapid Rehousing services was released on March 15, 2017, to select new Rental Subsidy Administrator(s) and Supportive Services Administrator(s) for both HOME TBRA funds and non-federal funds. The Housing Department will bring the award recommendation to City Council separate from these Plan recommendations.

### **Housing Opportunities for Persons with HIV/AIDS (HOPWA)**

*Description:* The HOPWA program provides local jurisdictions and nonprofits with resources and incentives to support long-term strategies for meeting the housing needs of low-income individuals living with HIV/AIDS and their families.

*Plan:* In FY 2017-2018, the City is projected to receive \$850,000 in HOPWA funds. Combined with the previous-year fund balance, the total amount allocated to HOPWA activities in FY 2017-2018 is \$1.0 million. The Health Trust was selected through the federal services RFP to provide rental assistance and supportive housing services. Staff is recommending to continue funding the Health Trust to administer HOPWA activities at the following levels through FY 2017-2018. This will be the second year of funding for these programs:

<b>Proposed FY 2017-2018 HOPWA Activities</b>	
<b>Project</b>	<b>Allocated Amount</b>
Rental Assistance and Supportive Housing	\$906,000
Grantee Administration	\$68,000
City Administration	\$26,00
<b>Total HOPWA</b>	<b>\$1,000,000</b>

**Emergency Solutions Grant (ESG)**

*Description:* Formerly known as the Emergency Shelter Grant program, ESG provides matching grants to help pay for shelter operating expenses and for other essential services to serve individuals and families experiencing homeless.

Service Type	Agency	Program	Funding
Homeless Services	HomeFirst	Citywide Homeless Outreach	\$260,000
Homeless Services	Bill Wilson Center	Shelter and Case Management for Youth	\$440,000

**Plan Implementation**

Once the Annual Plan is approved by City Council, staff will work with service providers to develop agreements including finalizing scopes of service, contract budgets, performance measures, goals and outcomes. Upon approval of the Annual Plan by HUD, staff will work with agencies to finalize service agreements in preparation for execution on or before July 1, 2017.

Additionally, capital projects identified in the Annual Plan are preliminary in nature and will require further development. Upon approval of the Plan by City Council, staff will work with stakeholders to develop the final project scopes and take all necessary steps to ensure compliance with funding and project requirements. Staff will coordinate environmental reviews in compliance with the California Environmental Quality Act ("CEQA") and the National Environmental Policy Act ("NEPA") clearances before final commitment of funds via contract.

For questions, please contact James Stagi, Grants and Neighborhood Programs Administrator at (408) 535-8238.

/s/  
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